

## **COMMUNITY AFFAIRS COMMITTEE**

DATE: July 28, 2005

CALLED TO ORDER: 5:10 p.m.

ADJOURNED: 7:08 p.m.

### **ATTENDANCE**

#### **ATTENDING MEMBERS**

Greg Bowes, Chair  
Patrice Abduallah  
Rozelle Boyd  
Susie Day  
Joanne Sanders  
Scott Schneider

#### **ABSENT**

Ginny Cain

### **AGENDA**

## **Marion County Office of Family and Children Review of 2005 Budget Hearing**

## **Community Affairs Committee**

The Community Affairs Committee of the City-County Council met on Thursday, July 28, 2005. Chair Greg Bowes called the meeting to order at 5:10 p.m. with the following members present: Patrice Abdullaah, Rozelle Boyd, Susie Day, Joanne Sanders, and Scott Schneider. Absent was Ginny Cain. Bart Brown, Chief Financial Officer, represented Council staff.

### **Marion County Office of Family and Children Review of 2005 Budget Hearing**

Chair Bowes stated that the Marion County Office of Family and Children (OFC), told the State Department of Child Services (DCS) of a possible \$15.6 million shortfall in their 2005 budget. Chair Bowes described how OFC had followed state law by asking the DCS to recommend that the Indianapolis/Marion County City-County Council authorize a loan to cover the shortfall. Chair Bowes said he called this special meeting to discuss this problem.

Dan Carmin distributed a packet with information on the budget and services provided by OFC for the first six months of activity within the agency.

(Clerk's Note: This packet, Exhibit A, is on file in the Clerk's office.)

Mr. Carmin explained that the first spreadsheet shows monthly expenditures and illustrates how OFC is performing in terms of using those expenditures. There are two significant issues: the first is the budget (the way the money is utilized and the way tax dollars are appropriated). The second issue is the number of children that are entering into OFC's care. In 2003, Marion County ended the fiscal year with \$5.7 million surplus, and that surplus was applied to the levy for 2004 to reduce that amount. When Senate Bill One took effect in 2004, it limited OFC's ability to increase the levy amount. Prior to that, the levy could be increased up to the maximum it could have been, and Senate Bill One penalized those agencies that had a surplus. Mr. Carmin also stated that for the 2005 budget year, the OFC requested \$74.2 million, but the Council reduced the request to \$63.9 million, which put additional pressure on OFC. He also stated that as of the end of June, OFC already spent 66% of the amount appropriated for 2005, which means it will not have enough to pay obligations for the rest of the year.

Chair Bowes stated that in an earlier conversation with Mr. Carmin, the June Year to Date (YTD) expenditures were \$42.5 million, and as of now it is around \$49 million. That roughly adds up to about \$7million a month. He also stated that in the July numbers, there will be about \$14million left in the budget to make it through the rest of the year. He asked Mr. Carmin if OFC is spending \$7million a month, and there are five months left, and OFC can only pay for two months, is OFC \$21million short rather than \$15.6 million. Mr. Carmin stated that is correct, and the Federal reimbursements will make up the difference that is anticipated for the remainder of the year.

Chair Bowes asked if the Federal reimbursements have already been anticipated in the budgeted amount. Mr. Carmin stated that the reimbursements have been included and calculated in terms with the loan request.

Mary Edmonds, Budget Analysis for DCS, stated that last year, it was anticipated that OFC would receive \$16.5 million in reimbursements and repayments. At this time, it looks like they will be receiving approximately \$17.2 million or \$17.3 million to help make up some of the difference. Chair Bowes stated that it is not adding up to the additional \$5.5 million. He also said that the amount budgeted in Federal funds added to what was received year to date is still only five-twelfths of what is being stated. He added that the amount of money being spent in the first seven months came from State or local dollars to cover those problems, but it still seems short about \$5.5 million.

Mr. Brown stated that OFC will get \$5 million in reimbursements that were not anticipated. Chair Bowes said if the Federal reimbursements were more than was anticipated when the budget was put together, then that would explain it. If that was not the case, what sounds like is that they were only over about \$1.1 million. Mr. Brown stated that OFC asked for \$74 million, and they were going to spend \$85 million, so they are \$10 million off in just the calculations and expenditures. Of that \$10 million or \$11 million, they are over what they are going to spend or ask for, and there have to be some Federal reimbursements that were not anticipated.

Chair Bowes stated that in looking at the budget ordinance, it gives a total amount budgeted and lists the sources of funding that are being received. Under the Family and Children Fund, it stated that OFC will be receiving \$12.9 million in Federal reimbursements. Mr. Carmin stated that he believes it would be more around \$17million.

A discussion ensued between Chair Bowes, Mr. Carmin, and Mr. Brown about the confusion on the different ways in which the same number is often used. Mr. Brown explained that it has to do with the way the Auditor has its system set up, and generally they try and use the same description for objects and characters. Mr. Brown went on to say that the Auditor's only concern is making sure that OFC does not spend over the authorized amount per character. Chair Bowes suggested there be better coordination between OFC and the Auditor about how expenses are categorized. He said the numbers OFC is using should match the categories that show up in the fiscal ordinance that the Council votes on.

Chair Bowes asked why the travel and miscellaneous expense amount from the Auditor's office was at zero, but the expenditures, as of July, were \$2.1 million. He also asked if there is any way they can figure out how the money is being spent. Mr. Carmin stated that there would not have been an appropriation for travel. The only appropriation that covers travel is Miscellaneous Cost of Wards, which is \$478,000, and covers transportation of wards if necessary.

Chair Bowes asked, out of all the placements that are being made and the children that are being caring for, if there is a breakdown of how many are cared for in Marion County,

as opposed to being placed out of the County or State. He asked why those placements are going outside of the state. Mr. Carmin stated that OFC looks at the closest possible placement that could deliver the services necessary to address the needs of the child and family. That is done because of the opportunity for visitation and reunification. Sometimes services are not available locally because a facility in the County may be full.

Chair Bowes asked if there are any juvenile delinquents out of state. Brant Ping, Child and Adolescent Placement Project Agency, stated that currently there are eight children placed at an out of state facility in Pennsylvania. These placements are done intentionally for those children who are from dead-end families that OFC feels has a shot at making it, if they have a structured school setting. He also stated that it is a lower per diem than there is locally. Chair Bowes asked if the \$2.1 million was used out of state, with the exception of the eight children, as stated on the chart. He also asked if the eight children are a part of the 106 children at the Juvenile Delinquent Institution. Mr. Ping answered in the affirmative.

Chair Bowes asked if the chart containing June 2005 Number of Children in Care, is a number of how many children are being served as of right now or if that is an year-to-date total. Mr. Carmin stated that the chart is a snapshot of the month of June. This is a typical month of the number of children in care.

Chair Bowes asked if the County is using a number to divide into the dollars being spent, if it is basically some sort of average number that is being served at any given moment. Mr. Carmin stated that the chart only reflects the number of children in foster homes or institutions. There is also a significant number of children in OFC's care that are placed with relatives or even in their own homes. While this does represent the children OFC pays typically per diems for, it does not represent all of the children OFC cares for.

Chair Bowes said there needs to be a way to evaluate this situation. Some questions the Council must ask include: how many children are in OFC's care, how many are being served, and what services are being provided to them. He also asked how the total dollars that are being spent adds up to the amount being asked for. Once the dollar and cents question is established, he said the Council needs to ask the qualitative questions of: Are the children really being served well, are they getting reunified with the parents, and are they getting adopted to permanent places. These are some of the questions that need to be answered before the Council can give approval to borrowing the money.

Councillor Sanders referred to the chart for the Number of Children in Care, and asked if the figures are cumulative or if they are entrants in that month into the system. Mr. Carmin stated that these are the children identified each month who meet the category of CHINS. They are the numbers of CHINS cases each month, not new ones. Councillor Sanders asked if that reflects a six-month placement versus a one-month placement. Mr. Carmin stated that it is not a duplicate account. Councillor Sanders stated that this information might help with Chair Bowes' question regarding how to get a handle on the numbers.

Councillor Sanders asked why the Children's Psychiatric Fund is not reflected in the expenditures. Mr. Carmin stated that was not included because it impacts OFC's budget

as well as Senate Bill One in 2004. That was at the point where the Children's Psychiatric Fund was established as a levy that was taken away from the Family and Children Fund. He also stated that in Marion County, \$2.3 million was not an additional levy taken from the fund, which is why it is not reflected. Councillor Sanders asked if the levy was taken away, were the dollars given to the fund. Mr. Carmin stated that the dollars were given as a part of the Family and Children Fund and not available to spend on these appropriations.

Councillor Sanders asked if the money is available to spend on the Child Psychiatric Services. Mr. Carmin answered in the affirmative, stating that it has gotten off to a slow start. Councillor Sanders stated that she is curious as to where the County is this year at the seven-month mark regarding the psychiatric fund. Mr. Carmin stated that he is pleased to say that it has picked up significantly, and that OFC has spent in excess of \$1 million in the first six months, close to half of the appropriations for this account. He also stated that it is good for OFC's budget because it will bring Medicaid reimbursements to the cost and care of the children.

Councillor Sanders asked why it was not reflected in the budget. Mr. Carmin stated that it was because of the loan applied to the Family and Children Fund. He added that one problem OFC is having is getting enough facilities interested in becoming licensed providers. In the last year, there have been 13 facilities that were available to take these children. Councillor Sanders asked if they are all within Marion County and the State of Indiana. Mr. Ping stated that they are all within the State of Indiana. Ms. Edmonds stated that there are three in Marion County and that there are more facilities going through the certification process, which is time consuming.

Chair Bowes asked if the Children's Psychiatric Fund helps ease the burden on some of the placements. Mr. Ping stated that it does not because of all the counties have caught on to being a Psychiatric Residential Treatment Facility (PRTF) and are utilizing those facilities. Mr. Ping also stated that OFC is gaining momentum of private placements as the medical community learns that they can have the child psychiatrically placed. Chair Bowes asked, to the extent that OFC can make a placement, if that ease the burden on the other funds. Mr. Ping stated that he hopes that will happen. He also stated that one problem is that Medicaid mandated that the PRTF rate would be set at \$321.52, which increased the rate for secured care for those children that are non-PRTF qualified.

Councillor Abdullah asked, based on the number of cases serviced in the CHINS program, if there are a number of people who represent half of the mental health portion of the Family and Children fund. Mr. Carmin answered in the negative, stating that he will provide that information at the next meeting.

Councillor Sanders asked for clarification on some figures from the April meeting, which included the \$1.7 million that was carried over from 2004. She also asked if the \$1.7 million was in expenses. Mr. Carmin stated it was in obligations. Councillor Sanders asked if there was any under-spending that went into this year's budget to cover those obligations. Mr. Carmin stated that there were no excess funds to carryover.

Councillor Sanders asked if there will be another payment in the fall for the Foster Care Insurance or if that is a one-time payment. Mr. Carmin stated that is a one-time annual payment. The small amount left would go to pay any potentially new Foster Parents. Councillor Sanders asked if there will be another payment for the interest on loans or if there will be another payment at the end of the year. Mr. Carmin stated that he is not certain how it is calculated. He also stated that the office does not carry over a cash balance making it necessary to borrow money to make the payments. Chair Bowes asked if the \$20 million loan that was taken out in 2000 was turned into a loan that was subsidized by property tax increases. He also asked if the County is paying interest on the 2000 loan now or if this is a short-term loan. Mr. Ping stated it was a short-term loan.

Chair Bowes asked Robert Clifford, City Controller, where does the Controller's office see the payment going. Mr. Clifford stated that the \$20 million loan was taken out by the County Auditor a few years ago, and a new tax rate was charged to tax payers for the next few years to repay the loan and to bring the Family and Children Fund up to a reasonable balance. The Family and Children Fund is in addition to the amount and the Controllers' office is paying the expenses.

Chair Bowes stated the budgeted amount of \$215,000 was to be able to pay the interest. He also stated that YTD OFC has spent \$91,000. He asked what does this mean at the end of the year. Mr. Clifford stated that the County might spend less than the budgeted amount on interest. Chair Bowes asked if this is a once a year payment. Mr. Clifford stated that it is twice a year. Councillor Abdullah asked if the County would be at the maximum repayment on the loan. Mr. Clifford answered in the affirmative. Chair Bowes stated that it would be short \$15,000 to \$18,000 of where it is budgeted. Mr. Carmin stated that the OFC has projected another payment in the budget. Chair Bowes asked if that was when the \$15.6 million was requested for the loan. Mr. Carmin stated it was for the \$91,000 that was mentioned.

Chair Bowes asked Mr. Carmin if, when he went to the State Agency that the Agency recommend to the Council that \$15.6 million is borrowed, he was looking at the whole picture, including being able to apply the \$15,000 or \$18,000 and the several other thousand dollars that were for the Foster Care Insurance. Mr. Carmin answered in the affirmative and stated that it takes into consideration any remaining balance. Councillor Abdullah asked, if any dollars are left over in various line items, if OFC is able to provide a total for the end of the year. Mr. Carmin stated that there will not be anything left over. Councillor Abdullah asked when the money is appropriated for various items where the money is going. Mr. Carmin stated that the money will be used in OFC's loan calculations and will take into consideration any appropriate balances to reduce the amount of the loan. When requesting a loan, it is required to end on a zero balance and not to have any excess appropriations.

Mr. Brown asked, having looked over the numbers with Mr. Clifford, if the \$1.7 million is carried over and included in the expenditures of \$8.4 million for January. Mr. Carmin answered in the affirmative. Mr. Brown stated that if when subtracting the \$1.7 million from the YTD, the total will be about \$81,694,324, which will leave a shortfall of about \$16,662,000. He also stated that subtracting the \$5 million from the \$16 million makes it

about \$11 million short in cash. Mr. Brown stated that he and Mr. Clifford will work with Mr. Rumble, Budget Director of OFC, to determine a better calculation. He also stated that the figures from 2003 and 2004 might have to be looked at to determine if some months are heavier than others. Chair Bowes asked Mr. Carmin if there is any reason the remaining months will not average out. Mr. Carmin stated that he does not see any significant difference between any of the months. Mr. Brown asked what types of accounting methods are used and how quickly invoices are turned around. Mr. Carmin stated that cash is used as the accounting method and usually turns invoices around in about 30 days.

Councillor Schneider asked what the interest rate is on the loan and if that will go through the Bond Bank. Mr. Clifford stated that it could go through the Bond Bank or the County. The rate would depend on how long OFC chooses to pay back the \$15.6 million. He also stated that the budget OFC is proposing for 2006 is substantially higher than the current one. Mr. Clifford stated that it depends on where the Council sets the tax rate to collect the funds to pay back the loan. Any interest rate depends on how long of a term.

Mr. Clifford also stated that it is an operating expense and would have to be paid back rather quickly, probably over two years which would be around three percent or less. Councillor Schneider asked what that would do to the tax rate to pay off the loan. Mr. Clifford stated that for example, every homeowner with a \$100,000 home would pay around \$ 35 to \$38 more per month for next years anticipated expenses. He also stated that it would probably be another \$17 per year for the shortfall for 2005. Councillor Schneider asked if the \$52 per year is combined with the request. Mr. Clifford answered in the affirmative. Chair Bowes asked if the \$17 depends on how long the loan is requested. Mr. Clifford answered in the affirmative. Councillor Schneider asked if the figures are an annual figure for a typical homeowner. Mr. Clifford stated that this is an easy way to estimate the effect it will have on the homeowner. It also goes for commercial and industrial businesses.

Chair Bowes referred back to the March 2005 meeting. The \$2.3 million from the Psychiatric Fund had State law saying if there is a balance at the end of the year, OFC is required to submit half of the money back to the General Fund or all of it. Mr. Carmin stated that all money left over pays for the Department of Corrections (DOC) bill. Ms. Edmonds stated that previously the excess was determined to calculate an operating balance, half of the net county costs for the previous year, and then subtract that total from the balance. Any amount left over is transferred to the General Fund for the DOC bill. Chair Bowes asked when money is received for the Psychiatric Fund, if those funds go toward Psychiatric placement or is it allowed to be spent anywhere else. Mr. Carmin stated that the funds go directly toward psychiatric placement.

Chair Bowes asked how OFC is trying to cope with the lesser budget. Mr. Carmin stated that OFC has been proactive in reviewing every potential placement to make sure it is necessary. OFC's Child Abuse Hotline takes about 2,000 calls per month, so it looks at the reports of abused and neglected children that come into the agency and how many are assigned. He also stated that another expense is that OFC also supports the Guardian Home at the cost of almost \$1.5 million. He added that when a placement is necessary,

the courts require a three-month review to provide a justification for continued placement beyond those three months. Mr. Ping stated that on occasion, visits to some of the facilities are needed to ensure that appropriate length of stay is required. There are many young children that come in that are severely damaged and multi-problematic who almost immediately require some kind of residential treatment. Councillor Boyd asked what type of decision-making process goes into assigning an investigation. Mr. Carmin stated that the allegation is reviewed by a supervisor to determine if the case meets the legal requirement to initiate an investigation or whether the case is screened out. If the case is screened out, there is a committee that will review and determine if the right decision was made.

Councillor Boyd asked to what degree is there adequate staff. Mr. Carmin stated that more staff is needed and that the State Administration has committed to additional case managers, who are in training and will be with the agency by October of 2005.

Chair Bowes asked what effect the number of caseworkers has on the length of stay and, as a result, the cost of care. Mr. Carmin stated that caseworkers would be able to monitor each case more frequently if they had smaller caseloads, and that could result in earlier resolution of permanent placement issues and therefore reduce expenses.

Chair Bowes asked what course of action OFC would have to take if the committee does not agree to support this loan. Ms. Edmonds stated that if the Council denies the loan or does not take any action, OFC can appeal to the Department of Local Government and Finance (DLGF) and they can hold a public hearing in Marion County to determine the outcome of the loan. Councillor Boyd asked if the Council did approve the request, could that be appealed by someone to the DLGF, who could deny the request. Ms. Edmonds stated that all short-term borrowing and bond issues go to the DLGF, and they are the final approval on whether the request is accepted. Ms. Edmonds also stated that if the DLGF thinks, for whatever reason, the loan is not necessary, it has that power.

Chair Bowes asked what else there is that the City-County Council can do to help resolve the budget shortfall, other than borrowing money. Mr. Carmin stated that any member of the Committee is invited to come visit the agency to learn more about how OFC is operating on a daily basis, to talk with some of the staff at the front line, and to understand what the staff is doing to get a better first hand observation on how the process works. Chair Bowes also asked if there is any other legal or legislative tool that can be used other than a gift of money. Mr. Carmin stated that he cannot believe that the average taxpayer would not agree to pay \$52 more per year if they were to believe that would help because of all the things going on with children.

Chair Bowes stated at this point there has been so much State involvement, especially where the State employs the caseworkers who have so much to do with how much is spent, that the County's hands are tied tightly about what can be done to influence how much is being spent. He also stated that the decision should not be up to the Council to be the ones to say it is raising taxes.



Councillor Sanders stated that the community recognizes that most taxpayers will be willing to pay the \$52 more per year to help the children who are victims of abuse or neglect. Unfortunately, there are several issues at the level of the State Legislature that are now coming back and impacting those very property taxes. She also stated that it is very difficult for the individual homeowner to make a distinction between the increases on the bill going to the children versus the increase that will come about because of other impacts on the property tax credits that will be eventually phased out at a time where reassessment has hit so many. So, on behalf of taxpayers, the issue is not whether it is the \$52 for the children, but a broader issue of what the Council was struggling with last year and what brings everyone here today. Councillor Sanders stated that she would like to see a way beyond funding that can help and assist in ensuring that there are not more and more children being driven into the system.

Chair Bowes stated that the statute mandates a response, whether it is positive or negative. Therefore, a proposal needs to be submitted to either authorize the loan or to oppose borrowing the funds. He pledged to help expedite either method of resolving this issue.

With no further business pending, and upon motion duly made, the Community Affairs Committee of the City County Council was adjourned at 7:08 p.m.

Respectfully submitted,

Greg Bowes, Chair  
Community Affairs Committee

GB/law.